



News Release

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**FRIVOLOUS APPEALS TO DELAY COLLECTION ACTIONS
BRING STIFF TAX COURT PENALTIES**

WASHINGTON – Thirty-eight persons who attempted to delay tax collections by pursuing frivolous court cases ended up with \$126,000 in penalties during the last two years. The Internal Revenue Service warns that the Tax Court may impose sanctions of up to \$25,000 on those who misuse their right to a court review of IRS collection procedures merely to stall their tax payments.

“Taxpayers have rights that they should invoke when appropriate,” said IRS Chief Counsel B. John Williams. “But those who would abuse those rights to stall tax collections should realize that they may incur substantial penalties.”

The IRS Restructuring and Reform Act of 1998 set forth various taxpayer rights related to tax liens or levies, including the right to seek judicial review. While an appeal is pending, the IRS usually may not enforce collection.

In December 2000, the Tax Court warned taxpayers that it would impose penalties against those who “institute or maintain a lien or levy action primarily for delay or whose position in such a proceeding is frivolous or groundless” (*Pierson v. Commissioner*, 115 T.C. 581). Such positions contend that the income tax is not valid, that the person or type of income is not subject to the tax, or espouse other arguments that the Court has previously rejected as baseless.

The Court has repeatedly stated that frivolous cases waste its limited resources and delay the resolution of other taxpayers’ genuine controversies. Using its authority under Internal Revenue Code Section 6673, it is levying increasingly severe penalties on those pursuing such cases.

The final section of an IRS Web site document, *The Truth about Frivolous Tax Arguments*, lists a number of cases that have incurred penalties. The document presents 21 frivolous assertions, along with a summary of the law and relevant legal decisions involving these false claims.

The Web site is www.irs.gov. There are links to the document from “The Newsroom” section’s “What’s Hot” page, the “Tax Pro News” and the “Topics for Individuals” pages. The direct URL is www.irs.gov/pub/irs-utl/friv_tax.pdf.

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Section 6673 Penalties Imposed in Collection Due Process Cases

[T.C.M. = Tax Court Memorandum Decision // T.C. = Tax Court Regular Decision]

<u>Case</u>	<u>Citation</u>	<u>Penalty</u>
<i>Bartschi v. Commissioner</i>	T.C.M. 2002-268	\$ 2,500
<i>Copeland v. Commissioner</i>	T.C.M. 2003-46	\$ 1,000
<i>Craig v. Commissioner</i>	119 T.C. No. 15	\$ 2,500
<i>Crow v. Commissioner</i>	T.C.M. 2002-149	\$ 1,500
<i>Davich v. Commissioner</i>	T.C.M. 2002-255	\$ 5,000
<i>Davidson v. Commissioner</i>	T.C.M. 2002-194	\$ 4,000
<i>Davis v. Commissioner</i>	T.C.M. 2001-87	\$ 4,000
<i>Eiselstein v. Commissioner</i>	T.C.M. 2003-22	\$ 5,000
<i>Fink v. Commissioner</i>	T.C.M. 2003-61	\$ 2,000
<i>Flathers v. Commissioner</i>	T.C.M. 2003-60	\$ 1,500
<i>Gunselman v. Commissioner</i>	T.C.M. 2003-11	\$ 1,000
<i>Hack v. Commissioner</i>	T.C.M. 2002-243 and -244	\$ 2,000
<i>Haines. v. Commissioner</i>	T.C.M. 2003-16	\$ 2,000
<i>Hauck v. Commissioner</i>	T.C.M. 2002-184	\$ 10,000
<i>Hill v. Commissioner</i>	T.C.M. 2002-272	\$ 3,500
<i>Keene v. Commissioner</i>	T.C.M. 2002-277	\$ 5,000
<i>Kiley v. Commissioner</i>	T.C.M. 2002-315	\$ 5,000
<i>Koenig v. Commissioner</i>	T.C.M. 2003-40	\$ 2,000
<i>Land v. Commissioner</i>	T.C.M. 2002-263	\$ 4,000
<i>Nestor v. Commissioner</i>	T.C.M. 2002-251	\$ 5,000
<i>Newman v. Commissioner</i>	T.C.M. 2002-135	\$ 1,000
<i>Perry v. Commissioner</i>	T.C.M. 2002-165	\$ 2,500
<i>Rennie v. Commissioner</i>	T.C.M. 2002-296	\$ 1,500
<i>Roberts v. Commissioner</i>	118 T.C. 365 (2002)	\$ 10,000
<i>Robinson v. Commissioner</i>	T.C.M. 2002-316	\$ 2,500
<i>Schmith v. Commissioner</i>	T.C.M. 2002-252	\$ 1,000
<i>Schroeder v. Commissioner</i>	T.C.M. 2002- 190	\$ 1,000
<i>Smeton v. Commissioner</i>	T.C.M. 2002-140	\$ 1,000
<i>Smith v. Commissioner</i>	T.C.M. 2003-45	\$ 500
<i>Standifird v. Commissioner</i>	T.C.M. 2002-245	\$ 7,500
<i>Stewart v. Commissioner</i>	T.C.M. 2002-225	\$ 7,500

<i>Tornichio v. Commissioner</i>	T.C.M. 2002-291	\$ 12,500
<i>Villwock v. Commissioner</i>	T.C.M. 2002-235	\$ 1,000
<i>Wagner v. Commissioner</i>	T.C.M. 2002-180	\$ 4,000
<i>Watson v. Commissioner</i>	T.C.M. 2001-213	\$ 1,500
<i>Williams v. Commissioner</i>	T.C.M. 2002-111	\$ 1,000
<i>Yacksyzn v. Commissioner</i>	T.C.M. 2002-99	\$ 1,000